

complaint

Miss W1 and Miss W2 complain that they were mis-sold a single premium payment protection insurance (PPI) policy by Bank of Scotland plc (BoS) trading as Halifax.

background

Miss W1 and Miss W2 took out a personal loan for £1,000 with BoS in 1995. The loan was to be repaid over two years. At the same time they bought a single premium PPI for about £79 (excluding interest) which covered the same period as the loan. The policy would've covered repayments on the loan had Miss W1 been unable to work.

Miss W1 and Miss W2 say that PPI was added to their loan automatically. They also had other concerns, for example they thought that the costs exceeded the potential benefits of the policy. BoS says that Miss W1 chose to buy PPI and that it was suitable.

Our adjudicator didn't uphold the complaint. Miss W1 and Miss W2 disagreed and so the case has come to me for a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. We've set out our general approach to complaints about the sale of PPI on our website and I've taken this into account in deciding this case.

I've decided not to uphold Miss W1 and Miss W2's complaint.

Miss W1 and Miss W2's complaint is that they didn't give their consent to buying PPI. The real problem with this case is that there's very little information available from the time of the sale. I don't find that surprising as it was nearly 20 years ago. So I've had to proceed on the basis of what information I have and what I think is most likely to have happened.

The policy was sold in a meeting. I don't have a record of that meeting. So I don't know what was discussed about PPI or how it was presented to Miss W1 and Miss W2. I don't have any of the key documents from the time of the sale such as the credit agreement. And what Miss W1 and Miss W2 remember of what happened isn't very detailed.

I accept that it's possible that BoS did add PPI to Miss W1 and Miss W2's loan without their agreement. But I think it's more likely that they opted to buy the policy. I understand that the PPI covered Miss W1 only and this certainly suggests some thought was given about how to set up the policy.

It's agreed that the sale happened during a meeting. BoS says that it gave Miss W1 a recommendation to buy PPI. This means it needed to make sure that the policy was suitable for her. I've looked at the policy benefits, cost of cover and the overall financial circumstances of Miss W1 and Miss W2 from the time of the sale. I think it's important to note that:

- Miss W1 was eligible for the policy.

- It doesn't appear that Miss W1 would've been affected by the main exclusions or limitations in the policy, such as those for existing medical conditions or self-employment.
- Miss W1 told us that she was entitled to sick pay from her employer. But she wasn't able to tell us how much. Even if she'd had good cover I think Miss W1 and Miss W2 would've found the cover potentially useful. It would've covered their repayments on the loan if Miss W1 had been unemployed for a period of up to 12 months. And more if she'd had to claim for disability.
- Miss W1 and Miss W2 told us that they didn't have any savings or other insurance policies that they could've used to make repayments on the loan if Miss W1 had been unable to work.
- The policy was reasonably priced at about £79 for 2 years of cover and a potential benefit of about £52 a month. And I can't see anything that makes me think the policy wasn't affordable or that there was a need for flexibility.

So when I weigh everything up, I think the policy was suitable for Miss W1.

BoS needed to make sure that Miss W1 and Miss W2 had enough information so that they could make a proper choice about if PPI was right for them. I don't know how much detail the adviser went into during the meeting with Miss W1 and Miss W2 or how things were explained to them.

But even if there were problems with the information and advice that BoS gave to Miss W1 and Miss W2, I don't think it would've made a difference to their decision. I think Miss W1 and Miss W2 would still have bought the policy. I say this for the reasons I've already given above.

So, I've decided that in this case Miss W1 and Miss W2 haven't lost out as a result of anything BoS might've done wrong.

my final decision

For the reasons I've set out above, I don't uphold Miss W1 and Miss W2's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W1 and Miss W2 to accept or reject my decision before 10 July 2015.

Kevin Williamson
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